

STATEMENT OF PURPOSE

RS30121C1 / S1076

This legislation amends Chapter 30, Title 63, Idaho Code, by the addition of a new section 63-3029N, Idaho Code, to establish provisions for an income tax credit for private school tuition payments for qualified dependent children of an individual tax payer.

FISCAL NOTE

This legislation will impact the general fund by reducing the amount of personal income tax revenue available to the state. The maximum total fiscal impact is estimated to be \$17,827,000. The minimum total fiscal impact is estimated to be \$14,313,770.

According to Private School Review, a company with an online platform whose purpose "has focused exclusively on helping families learn about private schools, their benefits, and the application process", there are 17,827 private school students in Idaho in 2023. They report a total of 142 private schools. There are an average of two children per household in Idaho, meaning there are 8,914 households with private school attendees (on average). If households with dependent child(ren) attending private schools claimed the nonrefundable tax credit of \$2,000, the maximum total fiscal impact would be \$17,827,000.

For further analysis, we can also consider the number of tax filers who could reasonably afford to send their child(ren) to private school. According to Private School Review, the average private school tuition in Idaho is \$8,316 a year. Using other typical costs for households, we assume that families need to have an income of at least \$70,000 a year to afford \$16,632 in private school tuition annually. The households with private school going children amount to 8,914. To analyze tax liability, a dataset from the Idaho Tax Commission is used containing tax year 2020 actual data. These households fall into two categories: ones with an average tax liability of less than \$2,000 (71%) and those with a tax liability of more than \$2,000 (29%). The group with a liability less than \$2,000 would receive a credit equal to their liability, amounting to \$7,364,295. Households with a liability of more than \$2,000 would get the full \$2,000 credit applied to their liability resulting in a total of \$5,082,461. The total amount is \$12,446,756. After controlling for inflation, the total impact is \$14,313,770 in today's values.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).